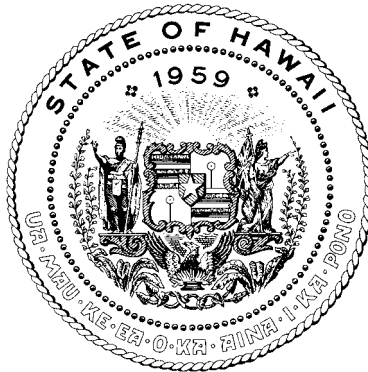


REPORT TO THE TWENTY-THIRD LEGISLATURE  
2006 REGULAR SESSION  
RELATING TO THE FOREST STEWARDSHIP PROGRAM



PREPARED BY  
THE STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
DIVISION OF FORESTRY AND WILDLIFE  
IN RESPONSE TO SECTION 195F-6, HAWAII REVISED STATUTES  
HONOLULU, HAWAII  
NOVEMBER 2005

## PURPOSE

This annual report complies with §195F-6, Hawaii Revised Statutes (HRS), and covers specific topics relating to the Forest Stewardship Program (the Program) within the Department of Land and Natural Resources (the Department). Act 195, Session Laws of Hawaii (SLH) 1993 established a dedicated funding source as a percentage of annual Conveyance Tax revenues that is deposited into the Natural Area Reserve Fund. The Department currently has the authority to use \$500,000 per year to fund approved Forest Stewardship projects and program expenses. This report covers actions taken through September of 2005 as required to implement the statutory provisions of the Program.

## BACKGROUND

The Program became effective in July 1991 through Act 327 of the 1991 State Legislature. The Act authorized the Department to provide State funds to financially assist private landowners to manage, protect, and restore important natural forest resources on their forested and formerly forested properties. The Program enables private landowners to restore, conserve, and actively manage important forest resources throughout Hawaii, that provide important public and private socioeconomic and environmental benefits and services. Private landowners own approximately one half of Hawaii's remaining forest areas. By establishing and maintaining this Program, the State recognizes that public-private partnerships are essential to the present and future conservation and health of our valued forest resources, and Hawaii's natural environment as a whole. With the demise of Hawaii's primary agricultural industries, sugar and pineapple, the Program has and continues to encourage native resource conservation. It also serves to stimulate investment in forestry as a promising, economically viable land-use alternative that will supply a small, but rapidly developing hardwood timber industry.

Approximately 9,200 acres (16 landowners) are currently being managed for watershed protection, conservation, high-value timber plantations, threatened and endangered species recovery, environmental education, and restoration of formerly fallow and/or degraded agricultural lands. The majority of landowners who are enrolled in the Program would not have been able to pursue their innovative land-use objectives without the technical and financial assistance that has been offered to them through this Program. Approximately 1,700 acres (16 landowners) have completed 10-year contracts in this Program, and many of those acres are still being managed as they were in the Stewardship Program.

The success of the Program is due largely to its inclusion of a wide variety of ecosystems, and its ability to address a full array of forest management problems and opportunities in a range of local contexts. The success of this program is accelerated by partnering with a variety of federal programs managed by the Department and other local agencies. Management areas currently range in size from 7 to 3,692 acres and management objectives generally range from conservation of native habitats, high-value timber production, agroforest crop production, watershed restoration, and educational and recreational opportunities. All of the Forest Stewardship projects are in some way contributing to the overall health and productivity of Hawaii's forests and enhancing ecosystem services. **(Appendix 1).**

## PLANNING and MANAGEMENT

The Department continues to identify ways to more effectively address landowner and State needs, while maintaining accountability and furthering the overall, long-term objectives of the Program. The Program's "Five Year Plan", included as **Appendix 2**, outlines strategies for expanding the Program's environmental and economic impacts, and increasing landowner participation. This "Plan" is in the process of being updated and should be completed by January 1<sup>st</sup>, 2006.

The Program follows the State procurement law by publishing advertisements for funding opportunities and legal notices "Request for Proposals" annually, and keeps a general announcement on the State Procurement Website <http://www2.hawaii.gov/bidapps/ShowBids.cfm?Isle=O>. The Hawaii Forest Stewardship Advisory Committee reviews all landowner applicant proposals and management plans and recommends those that are eligible and worthy of assistance, to the Board of Land and Natural Resources. This Committee also oversees the Federal Forest Legacy and Forest Lands Enhancement Programs, which are both complementary programs options for private landowners. More can found on the Forest Legacy Program in Exhibit 1 and at <http://www.state.hi.us/dlnr/dofaw/Legacy/index.html>.

All successful State Forest Stewardship applicants enter into formal contract agreements with the Department for a term of no less than 10 years. Contract agreements clearly define applicant responsibilities and provide mechanisms to ensure applicant accountability. Forest Stewardship contract agreements also require Governor's approval through the Department of Budget and Finance, Chairperson's (of the Board of Land and Natural Resources) approval for multi-term contracts, Department of Accounting and General Services (DAGS), Pre-audit Division formal contract encumbrance approval, employer-employee approval, Act 216, SLH 2004 requirements (when total contract exceeds \$25,000), and Department of the Attorney General contract approval as to form. All landowner participants must commit, in their Forest Stewardship contract agreements, and follow the Department's currently approved Best Management Practices (BMPs) when preparing project sites for planting and harvesting any trees that are planted with program assistance.

All Forest Stewardship projects are currently being inspected to verify compliance with this requirement. If commercial timber production is a management objective, participants must also, in adherence with Chapter 343, HRS, prepare an environmental assessment (EA). The Department's Division of Forestry and Wildlife (DOFAW) is available to applicant landowners on a continuous basis, providing technical and programmatic guidance as needed. Landowners receive cost-share payments as reimbursements only after they complete and report on specific management practices as described in their approved management plans, and only after practice completion has been confirmed by Department staff following a visit to the project site. Landowners are required to submit written reports in a standard format, with all related cost documentation provided to DOFAW each six months for the life of their project.

All projects are periodically assessed, monitored and audited by DOFAW staff, for adherence to approved budgets, program guidelines and approved management plan specifications. Occasionally, contracts are amended to allow for unforeseen delays in the progress of the management plan.

#### PROGRAM DEVELOPMENT/OUTREACH

The Department has continued to address Program goals and assist applicants with Forest Stewardship Management Plan development and implementation. The Program has also continued in its efforts to educate the public with regards to the important environmental and economic benefits that our forest resources provide, when responsibly managed, and the need for partnerships with private landowners who are responsible for the management of so many of our valuable forest and watershed areas.

The Department continues to work successfully with other federal, state, and county agencies on all major islands to deliver assistance and information to landowners in appropriate forms as needed. The Department's Cooperative Resource Management Forester communicates directly with several landowners each day, who have forest management concerns or questions regarding the Program. The Department has distributed several hundred handbooks, fact-sheets and brochures to landowners and government agencies on all islands. In addition, Forest Stewardship workshops are planned on being held on each of the major islands. These workshops are designed to attract all eligible landowners who may not otherwise know about or understood the Program. The Department also contributes Program news updates in relevant agency and organization newsletters and periodic press releases, to inform potential landowner participants. The Department will continue to advertise the Program to reach out to landowners with various stewardship objectives on all islands. **Appendix 3** provides a description and table of all landowner assistance programs in the State (Federal and State), as well as some benefits of these various programs. This information allows private landowners to investigate all program possibilities, so they are able to utilize the program that best meets their natural resource needs.

The Hawaii Forest Stewardship Handbook is regularly updated and provided to all landowners and resource professionals who are interested in the Program. The Handbook contains information about program eligibility, enrollment and fiscal procedures, management plan requirements and specifications, practice criteria for cost-share assistance, practice specification guidelines, and accomplishment and reporting requirements. The Handbook and other Forest Stewardship information is also available online on the Department's web page at [www.dofaw.net](http://www.dofaw.net) in the Forest Stewardship Program link. This site has current stewardship project information with pictures, stewardship application procedures, the Five Year Plan, Annual Reports to the Legislature, frequently asked questions (FAQs) about the Program, links to complementary programs managed by DOFAW and other local agencies, and other relevant information.

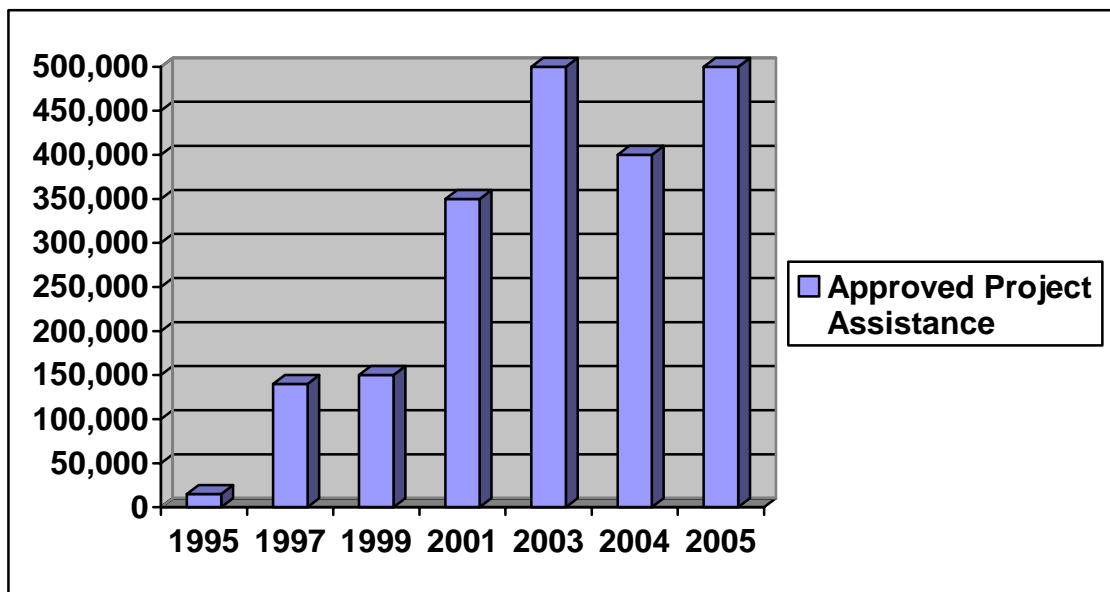
In compliance with Chapter 343, HRS, the Department is able to inform the public regarding the use of public funds to promote private forest stewardship. Notice of quarterly Forest Stewardship Advisory Committee meetings will be published in the Office of Environmental Quality Control (OEQC) bulletin to provide an opportunity for public comment and review of agenda items including projects that are being considered for funding.

## ACTIONS

There are approximately 11,000 acres of private forestland in Hawaii that are being successfully managed for a variety of private and public forest products and benefits as a result of Program assistance. To date, the Department has entered into formal Forest Stewardship contract agreements with 32 landowners on the Islands of Kauai, Oahu, Maui, Lanai, Molokai, and Hawaii. Most projects have been quite successful and there have been no contractual defaults. For a concise listing of the history of all Forest Stewardship projects, see **Appendix 1**.

Landowners sometimes experience difficulty following their management plan schedules due to temporary financial hardship, health problems, drought, or heavy rain conditions. These slow production years are often balanced by good years, however, during which projects progress more rapidly than planned. Although most Forest Stewardship contract agreements with the State formally terminate after 10 to 20 years, the benefits of the management made possible through the program will continue to accrue for decades.

The following table illustrates landowner demands for the Program, and the corresponding increased funding needs since the Program's establishment.



The forest management accomplishments made possible with assistance from the Program are providing a variety of social and environmental services. Participating landowners provide valuable information concerning successful forest management techniques such as site preparation, planting, species selection, and seedling maintenance. Through written progress reports, site visits and even casual interactions with participating landowners, projects are generating a wealth of practical information that can be used by other landowners who may be inclined to pursue similar endeavors.

The thousands of acres of forest cover being established and/or maintained through the Forest Stewardship Program, largely on formerly degraded pastures or sugarcane lands, serve to enrich soils, reduce erosion, restore and protect important watersheds, and provide habitats for many important species. Landowners who are producing high-value timber for the local industry are also making a valuable contribution to the development of Hawaii's forest industry, and a more diversified economy.

In addition to cost-share assistance, the Program is providing landowners with a support network, that includes experienced professional foresters and other landowners who have similar ambitious and innovative, yet realistic forest management objectives and are eager to share their forest management experiences.

## PROGRAM CONSTRAINTS

### Project Implementation Delays

1. For a variety of reasons, some landowners are not able to adhere to their project implementation schedules as defined in their Forest Stewardship contract agreements. Some have problems obtaining tree seedlings or necessary equipment. Some are faced with environmental conditions such as drought or extended heavy rains, which hinder their progress. Others simply find that they were too ambitious when planning the establishment phase of their project. All amendments to management plan budget schedules currently require Department and Governor's approval. Tax-clearance requirements have also stalled reimbursements and thus project progress. If minor changes to project implementation and the budget (as long as they do not deviate from the general scope of management plan and/or the total allocated budget) were allowed to be assessed and decided by the Program Manager and the Forest Stewardship Advisory Committee, the Program would not suffer time delays incurred by seeking upper administrative authorization.
2. It can be difficult to pursue timber harvest reimbursements to the State because most management plans are 10, 20 or 30 years in length, and some timber species take longer than this amount of time to mature. Also, it would be more productive for program participants to develop EA's closer to the time of timber harvest, rather than 10 to 20 years (initiation of the project) prior to timber harvest.

Both of these issues need to be addressed when deciding on the length of any given Forest Stewardship contract.

3. It can be difficult to pursue timber harvest reimbursements to the State from private landowners who received Forest Stewardship Program funding because most management plans are 10 to 30 years in length, and most timber species take longer than this to mature. The cost share portion of the contracts with landowners is only for 10 years, therefore, enforcing payback upon timber harvest (20 to 30 years) is somewhat unrealistic. The Forest Stewardship Advisory Committee recommends removing the payback provision due to these issues.
4. It would be more productive for program participants to develop EAs closer to the time of timber harvest, rather than 10 to 20 years prior to timber harvest (initiation of the project). However, the cost share portion of the grant ends after the first 10 years.